

House Engrossed

FILED

KEN BENNETT

SECRETARY OF STATE

State of Arizona
House of Representatives
Fiftieth Legislature
First Regular Session
2011

CHAPTER 194

HOUSE BILL 2227

AN ACT

AMENDING SECTION 35-142, ARIZONA REVISED STATUTES; RELATING TO ACCOUNTING FOR DONATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 35-142, Arizona Revised Statutes, is amended to read:

35-142. Monies kept in funds separate from state general fund:
receipt and withdrawal

A. All monies received for and belonging to the state shall be deposited in the state treasury and credited to the state general fund except the following, which shall be placed and retained in separate funds:

1. The unexpendable principal of monies received from federal land grants shall be placed in separate funds and the account of each such separate fund shall bear a title indicating the source and the institution or purpose to which such fund belongs.

2. The interest, rentals and other expendable money received as income from federal land grants shall be placed in separate accounts, each account bearing a title indicating the source and the institution or purpose to which the fund belongs. Such expendable monies shall be expended only as authorized, regulated and controlled by the general appropriation act or other act of the legislature.

3. All private or quasi-private monies authorized by law to be paid to or held by the state treasurer shall be placed in separate accounts, each account bearing a title indicating the source and purpose of such fund.

4. All monies legally pledged to retirement of building indebtedness or bonds issued by those institutions authorized to incur such indebtedness or to issue such bonds shall be placed in separate accounts.

5. Monies of a multi-county water conservation district authorized by law to be paid to or held by the state treasurer shall be placed in separate accounts, each account bearing a title indicating the source and purpose of such fund.

6. All monies collected by the Arizona game and fish department shall be deposited in a special fund known as the state game and fish protection fund for the use of the Arizona game and fish commission in carrying out the provisions of title 17.

7. All federal monies that are received by the department of economic security for family assistance benefits and medical eligibility as a result of efficiencies developed by the department of economic security and that would otherwise revert to the state general fund pursuant to section 35-190 shall be retained for use by the department of economic security in accordance with the terms and conditions imposed by the federal funding source in an account or accounts established or authorized by the state treasurer.

8. Monies designated by law as special state funds shall not be considered a part of the general fund. Unless otherwise prescribed by law, the state treasurer shall be the custodian of all such funds.

9. All monies received and any accounts established and maintained by the director of the Arizona state retirement system or the administrator of

1 the public safety personnel retirement system, the corrections officer
2 retirement plan and the elected officials' retirement plan.

3 10. MONIES RECEIVED BY A STATE AGENCY OR INSTITUTION AS A GIFT, DEVISE
4 OR DONATION SHALL NOT BE CONSIDERED A PART OF THE STATE GENERAL FUND OR
5 TRANSFERRED TO THE STATE GENERAL FUND UNLESS THE GIFT, DEVISE OR DONATION
6 SPECIFICALLY AUTHORIZES A GENERAL STATE USE FOR THE MONIES. A STATE AGENCY
7 OR INSTITUTION THAT RECEIVES A MONETARY GIFT, DEVISE OR DONATION SHALL
8 ACCOUNT FOR THOSE MONIES SEPARATELY.

9 B. No money shall be received or held by the state treasurer except as
10 authorized by law, and in every instance the treasurer shall issue a receipt
11 for money received and shall record the transaction in the statewide
12 accounting system. No money shall be withdrawn from the treasury except on
13 the warrant or electronic funds transfer voucher of the department of
14 administration.

15 C. All federal monies granted and paid to the state by the federal
16 government shall be accounted for in the accounts or funds of the state in
17 the necessary detail to meet federal and state accounting, budgetary and
18 auditing requirements, and all appropriations for matching such federal
19 monies shall be transferred from the general fund to such separate funds as
20 needed, except as otherwise required by the federal government.

21 D. Nothing in this section requires the establishment of separate
22 accounts or funds for such federal monies unless otherwise required by
23 federal or state law. The department of administration has the authority to
24 use the most efficient system of accounts and records, consistent with legal
25 requirements and standard and necessary fiscal safeguards.

26 E. Nothing in this section precludes the creation by the department of
27 administration of a clearing account or other acceptable accounting method to
28 effect prompt payment of claims from an approved budget or appropriation.
29 The department of administration shall report each account or fund
30 established or cancelled to the directors of the joint legislative budget
31 committee and the governor's office of strategic planning and budgeting.

32 F. Nothing in this section or any other section precludes the use of
33 monies kept in funds separate from the general fund, the interest from which
34 accrues to the general fund, for payment of claims against the general fund,
35 provided sufficient monies remain available for payment of claims against
36 such funds.

37 G. The department of administration may issue warrants for qualified
38 expenditures of federal program monies before they are deposited in the state
39 treasury. The receipt of federal monies shall be timed to coincide, as
40 closely as administratively feasible, with the redemption of warrants by the
41 state treasurer. The department of administration shall limit expenditures
42 to the amount that has been made available for the use under the grant award
43 by the federal government. The state agency initiating the expenditures is
44 responsible for ensuring that expenditures qualify for coverage under the
45 guidelines of the federal grant award.

1 H. The department of administration shall establish the policies and
2 procedures for all state agencies for drawing federal monies. When the
3 established method results in federal monies being held by this state, the
4 department of administration may use the interest earned on the monies to pay
5 the federal government for any related interest liability. If an interest
6 liability is incurred due to a state agency varying from the established
7 policies and procedures, the department of administration shall charge the
8 appropriate agency account or fund. Interest payment charges to agencies
9 shall be reported by the department of administration to the joint
10 legislative budget committee on or before March 1. Any federal interest
11 liability owed to this state as a result of the delayed federal disbursements
12 shall be used to offset this state's interest liability to the federal
13 government. Any remaining interest earnings shall be deposited in the state
14 general fund.

15 I. Any state agency or authorized agent of a state agency may accept
16 credit cards pursuant to an agreement entered into by the state treasurer
17 pursuant to section 35-315 for the payment of any amount due to that agency
18 or agent or this state.

19 J. Except for the department of revenue for tax payments, agencies or
20 authorized agents on behalf of state agencies that accept credit cards shall
21 deduct any applicable discount fee and processing fee associated with the
22 transaction amount before depositing the net amount in the appropriate state
23 fund. No other reduction is permitted against the transaction amount. The
24 net amount deposited in the appropriate state fund shall be considered as the
25 full deposit required by law of monies received by the agency or the
26 authorized agent. Payment of any applicable discount fee and processing fee
27 shall be accounted for in the annual report submitted to the governor's
28 office of strategic planning and budgeting in accordance with section
29 41-1273. The transaction amount of any credit card transaction shall not be
30 reduced by any discount fee or processing fee in an amount in excess of the
31 merchant card settlement fees reflected in the state banking contract with
32 the state treasurer's office.

33 K. Any state agency that contracts with an authorized agent for the
34 electronic processing of transactions pursuant to title 41, chapter 23 may
35 include a provision in the contract to allow the authorized agent to impose a
36 convenience fee. If allowed, the convenience fee shall be charged to the
37 cardholder in addition to the transaction amount, except for the following:

38 1. Except as provided in subsection R of this section, any permits,
39 licenses or other authorizations needed to pursue a trade or occupation in
40 this state.

41 2. Except as provided in subsection R of this section, any permits,
42 licenses or other authorizations needed to establish, expand or operate a
43 business in this state.

44 3. Except as provided in subsection R of this section, any permits,
45 licenses or other authorizations needed to register a vehicle or license a
46 driver in this state.

1 L. Each state agency or its authorized agent shall:

2 1. Deduct the amount of the convenience fee before depositing the
3 transaction amount or the transaction amount reduced by the discount fee or
4 the processing fee, or both, into the appropriate state fund.

5 2. Not deduct any part of the convenience fee from the transaction
6 amount before depositing the net amount into the appropriate state fund.

7 3. Deduct the amount of the discount fee or the processing fee, or
8 both, from the transaction amount before depositing the net amount into the
9 appropriate state fund.

10 M. The net amount deposited in the appropriate state fund pursuant to
11 subsection K or L of this section shall be considered as the full deposit of
12 monies that is required by law and that is received by the agency.

13 N. Notwithstanding section 35-142.01, convenience fees received by a
14 state agency or its authorized agent are limited to, and may be used to
15 offset, the costs imposed by the authorized agent in processing the
16 transactions.

17 O. When the percentage of electronic transactions first exceeds at
18 least thirty per cent of a state agency's total transactions, the state
19 agency shall perform a cost benefit report, including costs of convenience
20 fees, the amount of revenue generated and any realized cost savings. The
21 state agency shall submit the cost benefit report to the joint legislative
22 budget committee within six months after reaching the thirty per cent
23 threshold.

24 P. State agencies shall report the number of transactions, the number
25 of electronic transactions, the total dollar amount of transactions
26 processed, the total dollar amount of any discount fee, the total dollar
27 amount of any processing fee and the total dollar amount of any convenience
28 fee charged, deducted or paid pursuant to subsections J and K of this section
29 annually by October 1 to the governor, the government information technology
30 agency and the joint legislative budget committee.

31 Q. Nothing in this section or any other provision of law authorizes
32 any state agency, authorized agent of any state agency or budget unit to
33 establish a bank account for any government monies. All monies received by
34 or on behalf of this state shall be deposited with and in the custody of the
35 state treasurer or in an account that is authorized by the state treasurer
36 pursuant to this section. This subsection does not apply to monies received
37 and any accounts established and maintained by the director of the Arizona
38 state retirement system or the administrator of the public safety personnel
39 retirement system, the corrections officer retirement plan and the elected
40 officials' retirement plan.

41 R. If a state agency provides an alternative method of payment, the
42 convenience fee may be charged to the cardholder in addition to the
43 transaction amount.

APPROVED BY THE GOVERNOR APRIL 19, 2011

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 19, 2011.

Passed the House February 22, 20 11

by the following vote: 60 Ayes,

0 Nays, 0 Not Voting

[Signature]
Speaker of the House

Cheryl Laube
Chief Clerk of the House

Passed the Senate April 13, 20 11

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

[Signature]
President of the Senate

Charmian Bellington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

14 day of April, 20 11

at 8:32 o'clock A. M.

[Signature]
Secretary to the Governor

Approved this 19th day of

April

at 4:10 o'clock P. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 14th day of April, 20 11

at 5:43 o'clock P. M.

[Signature]
Secretary of State

H.B. 2227